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**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION,
STATE OF LOUISIANA
Napoleonville, Louisiana**

**GENERAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
Year ended July 31, 1999**

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**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION,
STATE OF LOUISIANA
Napoleonville, Louisiana**

**GENERAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
Year ended July 31, 1999**

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Waterworks District No. 1 of the
Parish of Assumption, State of Louisiana
Napoleonville, Louisiana

We have audited the accompanying general-purpose financial statements of Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (the District), a component unit of the Assumption Parish Police Jury, as of and for the year ended July 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; the Louisiana Governmental Audit Guide, issued by the Louisiana Legislative Auditor and the Louisiana Society of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material aspects, the financial position of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, as of July 31, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Schedules" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, a component unit of the Assumption Parish Police Jury. Such information, except for the Schedule of Metered Water Customers marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to such general-purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated September 17, 1999 on our consideration of Waterworks District No. 1 of the Parish of Assumption's internal control over financial reporting and our tests of its compliance with certain laws, regulations, controls and grants.

Waguespack & Associates (APAC)

Belle Rose, Louisiana
September 17, 1999

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit A

Balance Sheet - All Fund Types and Account Group

July 31,1999

	Governmental Fund Type- Debt Service	Proprietary Fund Type- Enterprise	Total (Memorandum Only)
ASSETS			
Cash	\$ -	\$ 37,551	\$ 37,551
Investments	-	542,447	542,447
Accounts receivable:			
Billed water charges, net of \$4,935 for an allowance for doubtful accounts	-	123,796	123,796
Unbilled water charges	-	143,159	143,159
Other receivables	-	53,879	53,879
Inventory of supplies	-	49,821	49,821
Prepaid expenses	-	11,838	11,838
Designated assets-capital improvements:			
Cash	-	612	612
Investments	-	510,536	510,536
Restricted assets-debt service:			
Investments	-	383,160	383,160
Restricted assets-customers' deposits:			
Cash	-	6,422	6,422
Investments	-	188,000	188,000
Utility plant and equipment, net	-	9,758,372	9,758,372
Unamortized debt issue costs	-	21,353	21,353
Amount available in debt service funds	-	-	-
	-	11,830,946	11,830,946
Total assets	-	11,830,946	11,830,946

(Continued)

The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit A

Balance Sheet - All Fund Types and Account Group

July 31,1999

	<u>Governmental Fund Type- Debt Service</u>	<u>Proprietary Fund Type- Enterprise</u>	<u>Total (Memorandum Only)</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts Payable	\$ -	\$ 36,490	\$ 36,490
Accrued wages payable	-	24,970	24,970
Accrued vacation payable	-	21,526	21,526
Payable from restricted assets:			
Revenue bonds	-	155,000	155,000
Interest payable	-	29,070	29,070
Customers' deposits	-	194,448	194,448
Revenue bonds payable	-	1,100,000	1,100,000
Ad valorem tax bonds payable	-	-	-
Total liabilities	-	1,561,504	1,561,504
Fund equity:			
Contributed capital	-	4,320,465	4,320,465
Retained Earnings:			
Reserved for revenue bond debt service and contingencies	-	199,090	199,090
Unreserved:			
Designated for subsequent years capital additions and other expenditures	-	1,041,146	1,041,146
Undesignated	-	4,708,741	4,708,741
Total retained earnings	-	5,948,977	5,948,977
Fund balance-reserved for debt service	-	-	-
Total fund equity	-	10,269,442	10,269,442
Total liabilities and fund equity	\$ -	\$ 11,830,946	\$ 11,830,946

The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit B

**Statement of Revenues, Expenditures, and Changes
In Fund Balance - Governmental Fund Type - Debt Service Fund**

For the Year Ended July 31, 1999

Revenues:

Ad valorem taxes	\$ 69
Interest earnings	710
	<hr/>
Total revenues	779

Expenditures:

Debt service:	
Principal retirement	\$ 20,000
Interest expense	1,050
	<hr/>
Total expenditures	21,050
	<hr/>
Excess (deficiency) of revenues over expenditures	(20,271)
Operating Transfers Out	(2,389)
	<hr/>
Excess (deficiency) of revenues over expenditures and other uses	(22,660)
Fund balance at beginning of year	22,660
	<hr/>
Fund balance at end of year	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit C

**Statement of Revenues, Expenses, and Changes in Retained Earnings
Proprietary Fund Type - Enterprise Fund - Waterworks System**

For the Year Ended July 31, 1999

Operating Revenues:	
Revenues from sales and service charges:	
Water sales	\$ 1,972,688
Other water service charges	88,372
Delinquent charges	63,204
Solid waste, garbage, and sewerage collection fees	<u>37,542</u>
Total operating revenues	<u>2,161,806</u>
Operating expenses:	
Waterworks system expenses	810,624
Office, general and administrative expense	596,151
Depreciation	<u>513,704</u>
Total operating expenses	<u>1,920,479</u>
Operating income	<u>241,327</u>
Nonoperating revenues (expenses):	
Interest income	199,271
Gain on disposal of equipment	1,378
Miscellaneous	1,454
Interest expense	(232,775)
Amortization of debt issue costs	(53,647)
Bond redemption fees	(36,039)
Loss on investments	<u>(13,890)</u>
Total nonoperating revenues (expenses)	<u>(134,248)</u>
Operating transfers:	
Operating transfers in	<u>2,389</u>
Net income	109,468
Retained earnings at beginning of year	<u>5,839,509</u>
Retained earnings at end of year	<u>\$ 5,948,977</u>

The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit D

**Statement of Cash Flows - Proprietary Fund Type -
Enterprise Fund - Waterworks System**

For the Year Ended July 31, 1999

INCREASE (DECREASE) in Cash and Cash Equivalents		
Cash flows from operating activities:		
Operating income	\$	241,327
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$	513,704
Changes in assets and liabilities:		
Receivables	(19,672)	
Inventory of supplies	(8,701)	
Prepaid expenses	540	
Accounts payable	(28,287)	
Other accrued expenses	9,990	
Total adjustments		467,574
Net cash provided by operating activities		708,901
Cash flows from noncapital financing activities:		
Customer deposits received	38,630	
Customer deposits refunded	(31,998)	
Transfers from debt service fund	2,389	
Net cash provided by noncapital financing activities		9,021
Cash flows from capital and related financing activities:		
Proceeds from disposal of equipment	9,575	
Acquisition and construction of capital assets	(474,599)	
Principal paid on revenue bonds	(1,950,915)	
Interest paid on revenue bonds	(301,409)	
Bond redemption fees	(36,039)	
Reimbursement of debt issue costs	3,122	
Other non-operating revenues	1,454	
Net cash used for capital and related financing activities		(2,748,811)
Cash flows from investing activities:		
Interest earned on investments	199,271	
Decrease in investments	63,238	
Increase in investments - capital improvements	(112,416)	
Decrease in investments - debt service	1,897,372	
Increase in investments - customers' deposits	(3,000)	
Loss on investments	(13,890)	
Net cash used for investing activities		2,030,575
Net increase (decrease) in cash and cash equivalents		(314)
Cash and cash equivalents at beginning of year		44,899
Cash and cash equivalents at end of year	\$	44,585
Included in Balance Sheet as cash and cash equivalents:		
Cash	\$	37,551
Designated cash - capital improvements		612
Restricted cash - customers' deposits		6,422
	\$	44,585

The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Notes to Financial Statements
Year Ended July 31, 1999**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On July 10, 1956, in accordance with the provisions of Chapter 8 of Title 33 of the Louisiana Revised Statutes of 1950, the Police Jury of the Parish of Assumption created the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (*hereinafter referred to as the District*). The District as created by the Police Jury encompasses the identical area as the Parish of Assumption.

Basis of Presentation The accompanying general-purpose financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity As the governing authority of the parish, for reporting purposes, the Assumption Parish Police Jury is the financial reporting entity for Assumption Parish. The financial reporting entity consists of (a) the primary government (Assumption Parish Police Jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Assumption Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - the ability of the police jury to impose its will on that organization, and/or
 - the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the police jury.
2. Organizations for which the police jury does not appoint a voting majority, but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Even though the District is legally separate from the police jury, the Assumption Parish Police Jury appoints a majority of the district's governing body, and the Police Jury has the ability to impose its will on the district. The District also has the potential to provide specific benefits to, or impose specific financial burdens on the police jury. Because of these reasons, the management of the district's office has determined that the District is a component unit of the Assumption Parish Police Jury.

Fund Accounting The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two generic fund types and two broad fund categories as follows:

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Notes to Financial Statements
Year Ended July 31, 1999**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental Fund - Debt Service Fund:

Debt service funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs (i.e., ad valorem tax bonds).

Proprietary Fund - Enterprise Fund:

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Long-Term Liabilities The accounting and reporting treatment applied to the long-term liabilities associated with a fund are determined by its measurement focus. Long-term liabilities financed from ad valorem taxes are accounted for in the General Long-Term Debt Account Group.

All government fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Long-term liabilities financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

Basis of Accounting Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Debt Service Fund is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income is considered "measurable" when in the hands of collecting governments and is recognized as revenue at that time. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt which are recognized when due.

The Enterprise Fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Services for water are recorded as revenues as billed to customers on a monthly route reading cycle. At the end of the year, water services which have been rendered, but unbilled, are accrued for financial reporting purposes.

Cash and Cash Equivalents All highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash equivalents for purposes of reporting cash flows.

Inventory The District values its inventory of supplies at the lower of cost or market using the first-in, first-out method.

Utility Plant and Equipment All utility plant and equipment are capitalized in the proprietary fund and are stated at historical cost less accumulated depreciation.

Depreciation of all exhaustible utility plant and equipment used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method (see Note D).

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Notes to Financial Statements
Year Ended July 31, 1999**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions for Meters Contributions received from customers for new meter services are treated as income. The cost of installing new meter services are expensed in the year incurred.

Vacation and Sick Leave The District's employees earn one to five weeks vacation annually based on number of years of employment. Employees can accumulate a maximum of 40 hours of unused vacation which can be carried forward and taken in subsequent periods. Upon termination, employees are paid for any unused current year and any accumulated vacation hours. Employees are allowed ten days of sick leave annually which can accumulate up to ninety days that may be used for sickness only. The sick leave plan is coupled with a disability insurance policy.

Total Column on Combined Statement-Overview The total column on the combined statement-overview is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - FLOW OF FUNDS - RESTRICTIONS ON USE

Under the terms of the bond indentures with the Louisiana Public Financing Authority (LPFA) on the outstanding revenue bonds dated March 15, 1989 and November 5, 1997 (see Note G, last paragraph), all income and expenses (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Waterworks System are pledged and dedicated to the retirement of said bonds. Below are the revenues which are to be set aside into the following special funds:

All revenue shall be periodically deposited in a "Waterworks Utility Revenue Fund" to provide for payment of all reasonable and necessary expenses of operating and maintaining the System.

Each month there will be set aside into a fund called the "Waterworks Utility Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and 1/6 of the next maturing installment of interest on the outstanding LPFA bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.

There shall also be set aside into a "Waterworks Utility Revenue Bond Reserve Fund" an amount equal to 5% of the amount to be paid into the Waterworks Utility Bond and Interest Sinking Fund each month as required on the LPFA bonds until there shall have been accumulated an amount equal to the maximum principal and interest on bonds payable from the Sinking Fund which would otherwise be in default.

In addition, there shall be set aside into a "Waterworks Utility Depreciation and Contingency Fund" an amount equal to 5% of the amount to be paid into the Waterworks Utility Bond and Interest Sinking Fund described above. Such amounts are to be used for extensions, additions, improvements and replacements necessary to properly operate the Waterworks System. Money in this fund may also be used to pay principal or interest falling due on the LPFA bonds at any time there is not sufficient money for payment in the other bond funds, but if so used, such money shall be replaced from earnings of the District as soon as possible after making the required payments into the respective funds set forth above.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Notes to Financial Statements
Year Ended July 31, 1999**

NOTE B - FLOW OF FUNDS - RESTRICTIONS ON USE - Continued

On July 17, 1989, the Board of Commissioners of the District created the "Waterworks Utility Revenue Fund - Capital Improvements". Said fund is to receive monies in excess of \$50,000 shown in the annual audit report remaining in the Waterworks Utility Revenue Fund at July 31 of each year after making all required payments into the Sinking, Reserve and Depreciation and Contingency Funds. The excess shall be considered surplus and shall be deposited in this fund. Said fund is to be used by the District for the purpose of making extensions, additions, improvements, renewals, and replacements to the System or for the purpose of retiring outstanding bonds in advance of their maturities, or any other legal purpose determined by the Board to be in the best interest of the District and not in violation of the 1989 and 1997 LPFA bond issue requirements. The required transfer to this fund for the year ended July 31, 1999 is \$529,998.

NOTE C - AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the District during June and are actually billed to the taxpayers in November by the tax assessor. Billed taxes become delinquent on January 1 of the following year. Revenue from ad valorem taxes are budgeted in the year billed.

In previous years, the ad valorem tax revenues were dedicated to pay the ad valorem tax issue of the District. For the year ended July 31, 1999, the District only received \$69 of ad valorem tax revenue. The District paid off its ad valorem tax bonds, and therefore will no longer receive these revenues.

NOTE D - UTILITY PLANT AND EQUIPMENT

A summary of utility plant and equipment at July 31, 1999 follows:

	Life in Years	Cost	Accumulated Depreciation	Net	Straight- Line Method Depreciation This Year
Land and rights of way	-	\$ 169,722	\$ -	\$ 169,722	\$ -
Power, pumping and purification structures and equipment, including main plant building	15-44	4,049,348	1,937,469	2,111,879	101,217
Transmission and distribution mains and accessories	15-44	13,838,510	6,665,565	7,172,945	370,310
Transportation, office and other equipment	5-15	505,993	299,737	206,256	42,177
Construction in progress: New transmission lines and other projects	-	<u>97,570</u>	<u>-</u>	<u>97,570</u>	<u>-</u>
Totals		<u>\$ 18,661,143</u>	<u>\$ 8,902,771</u>	<u>\$ 9,758,372</u>	<u>\$ 513,704</u>

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Notes to Financial Statements
Year Ended July 31, 1999**

NOTE D - UTILITY PLANT AND EQUIPMENT - Continued

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Balances at beginning of year	\$ 18,225,097	\$ 8,419,423	\$ 9,805,674
Additions:			
Land	39,835	-	39,835
Power, pumping, and purification	42,926	-	42,926
Transmission and distribution mains and accessories	377,528	-	377,528
Transportation, office and other equipment	91,218	-	91,218
Construction in progress incurred during year	216,663	-	216,663
Depreciation expense	-	513,704	(513,704)
Deletions:			
Construction in progress completed during year	(293,571)	-	(293,571)
Sales and other dispositions of equipment	<u>(38,553)</u>	<u>(30,356)</u>	<u>(8,197)</u>
Balances at end of year	<u>\$ 18,661,143</u>	<u>\$ 8,902,771</u>	<u>\$ 9,758,372</u>

Interest incurred in the proprietary fund of \$232,775 was charged to expense (no interest was capitalized as part of utility plant and equipment).

NOTE E - CASH AND CASH EQUIVALENTS

At July 31, 1999, the waterworks district has cash and cash equivalents totaling \$44,585 (book balances) as follows:

Cash and cash equivalents:

Cash on hand	\$ 7,991
Demand deposits	35,982
Interest bearing demand deposits	<u>612</u>
Total bank deposits	36,594
Total cash and cash equivalents	<u>\$ 44,585</u>

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Notes to Financial Statements
Year Ended July 31, 1999**

NOTE E - CASH AND CASH EQUIVALENTS - Continued

These deposits are stated at cost, which approximates market. Under state law, the bank deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At July 31, 1999, the district has \$195,488 in deposits (collected bank balances). These deposits are secured from risk by \$300,000 of federal deposit insurance and \$641,595 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

NOTE F - INVESTMENTS

Under state law, the municipality may invest in United States bonds, treasury notes or certificates. These are classified as investments. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost.

At July 31, 1999, investments of \$1,624,143 are in the Louisiana Asset Management Pool, Inc. (LAMP). In accordance with GASB Codification Section I50.165, the investment in LAMP at July 31, 1999 is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasury in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligation in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is approximately 60 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Notes to Financial Statements
Year Ended July 31, 1999**

NOTE G - CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions for the year ended July 31, 1999:

	<u>Revenue Bonds</u>	<u>Ad Valorem Tax Bonds</u>	<u>Total</u>
Bonds payable, July 31, 1998	\$ 3,205,915	\$ 20,000	\$ 3,225,915
Bonds issued	-	-	-
Bonds retired	<u>(1,950,915)</u>	<u>(20,000)</u>	<u>(1,970,915)</u>
Bonds payable, July 31, 1999	<u>\$ 1,255,000</u>	<u>\$ 0</u>	<u>\$ 1,255,000</u>

Bonds payable at July 31, 1999 is comprised of the following individual issue:

\$1,395,000 Waterworks Utility Revenue Refunding Bonds dated November 5, 1997 due in annual installments of \$100,000 to \$175,000, excluding interest, through April 1, 2006; interest at 6.72% to 7.38%

\$ 1,255,000

The annual requirements to amortize all debt outstanding at July 31, 1999, including \$377,803 interest payments, are as follows:

	<u>Revenue Bonds</u>
2000	245,858
2001	244,946
2002	243,215
2003	240,649
2004-2006	<u>658,135</u>
	<u>\$ 1,632,803</u>

On April 1, 1999, the District defeased its 1989 revenue bonds with a principal payment of \$1,801,931 an interest payment of \$99,106, and \$36,038 in redemption premium fees.

NOTE H - CONTRIBUTION FROM ASSUMPTION PARISH

On June 10, 1958, the District entered into an agreement with the Parish of Assumption whereby, in order to afford fire protection to the Parish and in order to provide adequate finances for construction of the waterworks system, the Parish agreed to issue \$1,065,000 ad valorem tax bonds to acquire necessary facilities and equipment for fire protection. Of this amount, \$935,000 was pledged to be used for construction of the joint waterworks and fire protection system. The Parish agreed to pay to the District an annual rental of \$30 for each fire hydrant installed within the system. This agreement provides that the system be owned jointly by the Parish and the District. The undivided interest of the Parish in the system is 29.21875% and the undivided interest of the District in the system is 70.78125%. The District agreed to pay the Parish an annual rental of \$4,500 for the facilities of the Parish for a 99 year term beginning in August 1959.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Notes to Financial Statements
Year Ended July 31, 1999**

NOTE I - PENSION PLAN

Substantially all employees of the Assumption Parish Waterworks District No. 1 are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan B.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan B, employees who retire at or after the age of 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above, and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issued an annual publicly available financial report that included financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Under Plan B, members are required by state statute to contribute 2.0 percent of their annual covered salary in excess of \$1,200 and the Assumption Parish Waterworks District No. 1 is required to contribute at a actuarially determined rate. The current rate is 2.5 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Assumption Parish Waterworks District No. 1 are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Assumption Parish Waterworks District's contributions to the System under Plan B for the years ending July 31, 1999, 1998 and 1997, were \$13,569, \$12,958, and \$9,320, respectively, equal to the required contributions for each year.

NOTE J - POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to the retirement benefits described in Note I, the district provides post-employment health care benefits in accordance with the district's policy. The current district policy regarding the premiums which the district will pay is as follows:

The district will pay the percentage of the equivalent premiums for those persons who are retiring at 55 years of age and have the following years of service time.

<u>Years of Service</u>	<u>Waterworks Share</u>	<u>Retiree's Share</u>
15-19	30	70
20-29	50	50
30+	75	25

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Notes to Financial Statements
Year Ended July 31, 1999**

NOTE J – POST EMPLOYMENT HEALTH CARE BENEFITS - Continued

The equivalent premium for the appropriate category will be set after renewal of insurance coverage each year and the retirees must pay the equivalent premium of the appropriate category in order to continue coverage as a retiree. For fiscal year ending July 31, 1999, the cost of the district's portion of this benefit was approximately \$3,170.

NOTE K - DEFERRED COMPENSATION PLAN

Employees of the District may participate in the deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect to Service For State and Local Governments).

The deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by the Public Employees Benefit Services Corporation (PEBSCO), an independent entity. All assets of the plan are reported at fair market value and are administered by an independent entity. As part of its fiduciary role, the District has an obligation of due care in selecting the third party administrator.

The deferred compensation plan laws and related plan provisions were amended so that the plan assets are no longer subject to the claims of the police jury creditors. The plan assets belong only to the employees and are held in trust for the employees' exclusive benefit. Therefore, GASB Statement 32 no longer requires the assets of the plan to be reported in the combined balance sheet as a fiduciary fund. This disclosure is being made for informational purposes only during this transition period.

The following is a summary of activity in the fund for the year ended July 31, 1999:

Assets balance at August 1, 1998	\$90,333
Deferrals of compensation	12,155
Earnings	12,190
Withdrawals	(6,057)
Asset fees and others	<u>(1,041)</u>
Asset balance at July 31, 1999	<u>\$ 107,580</u>

NOTE L - ADDITIONAL BILLING AND COLLECTION

The District has entered into formal contracts with the Assumption Parish Police Jury, the Village of Napoleonville and the St. Martin, Back Marais, Ayseme, RDG Developers, Aucoin Sewerage Districts, Ridgeway Waste and Cypress Village whereby the District, as an agent, bills and collects for solid wastes services rendered by the Police Jury and the Village and the sewerage services rendered by the Village and the sewerage districts. The Police Jury pays the District 25 cents per solid waste bill issued and the Village of Napoleonville and St. Martin, Back Marais, Ayseme, RDG Developers, Aucoin Sewerage Districts, Ridgeway Waste and Cypress Village pay 5% of collections of charges to its residents.

Sugeway Waste and Cypress

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Notes to Financial Statements
Year Ended July 31, 1999**

NOTE M - SELF INSURANCE HEALTH PROGRAM

The District participates in a self-insurance health program for employees of the District and the Assumption Parish Police Jury. A third party administrator processes the claims and maintains records of the allowable costs, deductible costs, etc., with the activity of this program being reported in the District's Waterworks System expenses. The District and Police Jury share these expenses in proportion with the respective number of employees covered. Under the program, the District and Police Jury maintain a commercial insurance policy which pays all claims exceeding \$20,000 per year per person to \$1,000,000 per year. They also maintain an aggregate stop loss policy which will reimburse the program for period ended August 31, 1999.

NOTE N - SUPPLEMENTAL CASH FLOWS DISCLOSURE

During the year ended July 31, 1999, the enterprise fund paid \$301,409 for interest expense on revenue bonds outstanding. No amounts were paid for income taxes as the District is a component unit of the Assumption Parish Police Jury and governmental agencies are exempt from federal and Louisiana income taxes.

NOTE O - COMMENTS REGARDING BOND RESOLUTION REQUIREMENTS

Section 9 of the March 15, 1989, revenue bond resolution requires the District to provide revenues in each year sufficient to pay all reasonable and necessary expenses of operating and maintaining the Waterworks System in such year, the principal and interest maturing on the Bonds in each year, all reserves or sinking funds or other payments required for such year and all other obligations or indebtedness payable out of revenues of the System for such year, at least equal to 120% of the largest amount of principal maturing on the bonds in any future fiscal year.

At July 31, 1999, this requirement was met.

All other requirements of the bond resolutions have been met.

NOTE P - LITIGATION

At July 31, 1999, the district is involved in various litigation matters all of which are considered by management to be covered and within the limits of insurance coverage. In addition, management is not aware of any unasserted claims.

NOTE Q - THE YEAR 2000 ISSUE

The year 2000 issue is a result of shortcomings in many electronic data-processing systems and other equipment that may adversely affect operations in the year 1999 and beyond if date sensitive coding is not corrected. The district has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conduct the district's operations. Based on this assessment, the district is in the remediation stage in that cost estimates have been obtained to purchase from outside vendors the hardware and software needed to be year 2000 compliant for financial reporting systems. Testing and validation of the systems will need to be completed after the hardware and software are installed. Management expects to finalize testing and validation of all systems during November 1999.

SUPPLEMENTARY INFORMATION

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 1

Operating Expenses - Waterworks System

Year Ended July 31, 1999

Waterworks System Expenses:

Purification and plant expenses:

Salaries, plant personnel	\$ 169,888
Payroll Taxes	14,065
Communication	1,083
Chemicals and purification supplies	101,041
Disability insurance	2,004
Maintenance and repairs of plant	45,425
Miscellaneous expenses	150
Other purification expenses	2,379
Retirement plan	4,184
Telemetry	3,072
Transportation expenses	1,860
Travel and education	8,911
Utilities	<u>125,788</u>

Total purification and plant expenses

479,850

Distribution, operation and maintenance expenses:

Salaries	183,351
Payroll Taxes	13,341
Communication	2,430
Disability insurance	2,092
Miscellaneous	716
Repairs and maintenance	20,714
Retirement plan	4,472
Service materials	47,493
Supplies and expenses, meter readers	1,301
Telemetry	2,269
Transportation expenses	12,178
Travel and education	3,970
Utilities	8,452
Water user fee	<u>27,995</u>

Total distribution, operation and maintenance expenses

330,774

Total waterworks system expenses

\$ 810,624

(Continued)

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 1

Operating Expenses - Waterworks System - Continued

Year Ended July 31, 1999

Office, general and administrative expenses:	
Salaries	\$ 207,620
Stationary and office supplies	42,808
Collection expenses	8,350
Communication expense	9,448
Payroll taxes	14,036
Disability insurance	2,712
Group insurance	177,986
Insurance	56,384
Rent of Police Jury, equity in system	4,500
Rent, other	60
Professional services, legal and accounting	10,085
Professional services, engineering	17,600
Transportation expense	814
Travel and education expenses	6,972
Per diem paid to board members	8,400
Retirement plan	4,901
Other expenses	7,027
Uncollectible accounts	4,900
Uniform reimbursements	2,318
Unemployment compensation insurance	2,100
Maintenance of equipment	7,130
	<hr/>
Total office, general and administrative expenses	<u>\$ 596,151</u>

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 2

**Schedule of Revenues and Expenses - Waterworks System
Budget and Actual**

Year Ended July 31, 1999

	Budget	Actual	Variance- Favorable (Unfavorable)
Operating revenues:			
Water sales	\$ 1,881,000	\$ 1,972,688	\$ 91,688
Delinquent charges	58,150	63,204	5,054
Other water service charges	90,875	88,372	(2,503)
Solid waste, garbage, and sewerage collection fees	36,150	37,542	1,392
Total operating revenues	2,066,175	2,161,806	95,631
Operating expenses:			
Salaries	592,000	560,859	31,141
Payroll taxes	41,850	41,442	408
Insurance	66,000	56,384	9,616
Group and disability insurance	187,300	184,794	2,506
Retirement plan	14,675	13,557	1,118
Per diem paid to board members	10,560	8,400	2,160
Uniform reimbursements	2,200	2,318	(118)
Water use fee	27,000	27,995	(995)
Travel and education expenses	21,200	19,853	1,347
Substance abuse testing	700	482	218
Transportation expense	21,000	14,852	6,148
Stationary and office supplies	45,000	42,808	2,192
Chemicals and purification supplies	110,000	101,041	8,959
Other purification expenses	3,000	2,379	621
Utilities	135,000	134,240	760
Unemployment compensation insurance	2,200	2,100	100
Supplies - meter readers	2,500	1,301	1,199
Maintenance and repairs	92,500	73,269	19,231
Telemetry	7,000	5,341	1,659
Service materials	48,000	47,493	507
Collection expenses	9,000	8,350	650
Communication expense	12,000	12,961	(961)
Rent expenses	4,500	4,560	(60)
Professional services, engineering	14,000	17,600	(3,600)
Professional services, legal and accounting	9,000	10,085	(1,085)
Other expenses	10,000	7,411	2,589
Uncollectible accounts	2,600	4,900	(2,300)
Depreciation	523,500	513,704	9,796
Total operating expenses	2,014,285	1,920,479	93,806
Operating income	51,890	241,327	189,437

(Continued)

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 2

**Schedule of Revenues and Expenses - Waterworks System
Budget and Actual - Continued**

Year Ended July 31, 1999

	Budget	Actual	Variance- Favorable (Unfavorable)
Nonoperating revenues:			
Gain on disposal of equipment	2,000	1,378	(622)
Miscellaneous	600	1,454	854
Interest income	71,000	199,271	128,271
Total nonoperating revenues	73,600	202,103	128,503
Nonoperating expenses:			
Interest and amortization expense	107,516	286,422	(178,906)
Bond redemption fees	-	36,039	(36,039)
Loss on investments	-	13,890	(13,890)
Total nonoperating expenses	107,516	336,351	(228,835)
Operating transfers:			
Operating transfers in	-	2,389	2,389
Net income (loss) excluding Ad Valorem revenue	\$ 17,974	\$ 109,468	\$ 91,494

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Enterprise Fund - Waterworks System
Schedule of Changes in Assets Restricted for Revenue Bond Debt Service**

Year Ended July 31, 1999

	Waterworks Utility Revenue Bond and Interest Sinking Fund	Waterworks Utility Revenue Bond Reserve Fund	Waterworks Utility Depreciation and Contingency Fund	Waterworks Utility Bond and Interest Escrow Fund	Waterworks Utility Investment In U.S. Treasury	Total
Cash & investments at beginning of year	84,154	122,627	142,861	638	1,930,890	2,281,170
Increase in cash & investments:						
Transfers from other accounts	253,181	12,503	12,503	-	-	278,187
Proceeds - sale of investments	-	-	-	1,917,000	-	1,917,000
Interest earned	4,816	6,333	7,491	118,545	-	137,185
Total cash available	<u>342,151</u>	<u>141,463</u>	<u>162,855</u>	<u>2,036,183</u>	<u>1,930,890</u>	<u>4,613,542</u>
Decrease in cash & investments:						
Principal payments	148,984	-	-	1,801,931	-	1,950,915
Interest payments	51,588	-	-	198,213	-	249,801
Redemption premium payment	-	-	-	36,039	-	36,039
Transfers to other accounts	56,404	6,333	-	-	-	62,737
Investments sold	-	-	-	-	1,917,000	1,917,000
Decrease in investments	-	-	-	-	13,890	13,890
Total decreases	<u>256,976</u>	<u>6,333</u>	<u>-</u>	<u>2,036,183</u>	<u>1,930,890</u>	<u>4,230,382</u>
Cash and investments at end of year	<u><u>85,175</u></u>	<u><u>135,130</u></u>	<u><u>162,855</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>383,160</u></u>

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 4

Metered Water Customers

July 31, 1999
(Unaudited)

At July 31, 1999, the District had 9,244 metered customers as set forth in the District's internal reports.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 5

Board of Commissioners - Per Diem

Year Ended July 31, 1999

<u>Board Members</u>	<u>Number of Meetings</u>	<u>Per Diem</u>
Daniel J. Nail	12	720
Chester A. Joseph	13	780
Alfred Templet	7	420
Herbert Aucoin	13	780
Fernan L. Bernard	13	780
Donna K. Robertson	13	780
Bryan Dugas	13	780
Crawford Landry	13	780
Godfrey Naquin	13	780
Vincent Nelson	13	780
Myron Matherne	13	780
Scott Sternfels	4	240
		<u>\$ 8,400</u>

**INDEPENDENT AUDITOR'S REPORT AND OTHER SCHEDULES
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 6

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended July 31, 1999**

A. Summary of Audit Results

- The auditor's report expresses an unqualified opinion on the general-purpose financial statements of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana.
- There were no reportable conditions in internal control disclosed during the audit of the general purpose financial statements which were required to be reported in the Report on Compliance and on Internal Control over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards.
- The results of our tests disclosed no instances of noncompliance material to the general purpose financial statements which were required to be reported in the Report On Compliance And Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 7

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended July 31, 1999**

INTERNAL CONTROL FINDINGS

No Internal Control findings were noted in the audit for the period ended July 31, 1998.

COMPLAINECE FINDINGS

No Compliance findings were noted in the audit for the year ended July 31, 1998.

WAGUESPACK & ASSOCIATES

(A Professional Accounting Corporation)

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Commissioners
Waterworks District No. 1 of the Parish
of Assumption, State of Louisiana
Napoleonville, Louisiana

We have audited the financial statements of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (the District), a component unit of the Assumption Parish Police Jury, as of and for the year ended July 31, 1999, and have issued our report thereon dated September 17, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Louisiana Governmental Audit Guide, issued by the Louisiana Legislative Auditor and Louisiana Society of Certified Public Accountants.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect of the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of the District's office, the Legislative Auditor and interested state and federal agencies. However, this report is a matter of public record and its distribution is not limited.

Wagner & Associates (APAC)

Belle Rose, Louisiana
September 17, 1999